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Message Text

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46
ACTION SS-25

INFO OCT-01 ISO-00 /026 W
---------- 030651
R 241730Z JUN 75
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 8068

C O N F I D E N T I A L KINGSTON 2414

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EXDIS

EO 11652: GDS
TAGS: EMIN, EINV, JM, US
SUBJECT: ALCOA TO START TALKS WITH GOJ

REF: KINGSTON 2306

1. ALCOA VICE PRESIDENT AND JAMAICAN OPERATIONS MANAGER PAUL CROUCH RETURNED JUNE 19 FROM VISIT TO MIAMI, WHERE HE ATTENDED MEETING WITH OTHER ALUMINUM COMPANY EXECUTIVES TO DISCUSS UPCOMING JAMAICAN WAGE NEGOTIATIONS, AND TRIP TO PITTSBURGH IN EFFORT TO SELL NEW APPROACH TO JAMAICAN PROBLEMS (REFTEL) TO ALCOA TOP EXECUTIVES. HE CALLED ON ME AT EMBASSY JUNE 23.

2. ANTICIPATED WAGE DEMANDS BY NWU HAVE BEEN AN ACROSS-THE-BOARD INCREASE ON THE ORDER OF 100 PERCENT ON ALL COMPANIES. AGREEMENT WAS REACHED IN MAIMI ON CONCERTED OPPOSITION TO PERCENTAGE INCREASES FOR BAUXITE WORKERS, WHO CURRENTLY HIGHEST PAID GROUP IN JAMAICA AND OFFER TO BE BASED ON SPECIFIC INCREASES FOR SPECIFIED JOB SKILLS. CARLYLE DUNKLEY, NWU ISLAND SUPERVISOR, IS REPORTED TO BE RECEPTIVE TO THIS APPROACH WITH UNDERSTANDING THAT PROPER BARGAINING MUST APPEAR TO TAKE PLACE "FOR THE EDUCATION OF UNION REPRE-SENTATIVES". DUNKLEY CURRENTLY IN PITTSBURGH FOR DISCUSSIONS WITH ALCOA
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3. CROUCH SAW JOHN HARPER, NOW RETIRED AS CHAIRMAN
OF THE BOARD BUT REMAINING AS CHAIRMAN OF FINANCE
COMMITTEE, AND KROME GEORGE, NEW CHAIRMAN, AS WELL
AS CROUCH'S IMMEDIATE SUPERVISOR, AL KALTWASSER AND JOHN WINKLER,
COMPTROLLER, WHO HAS SPECIAL RESPONSIBILITIES FOR
JAMAICAN OPERATIONS. CROUCH REPORTS PITTSBURGH
STILL "TRIGGER HAPPY" AND UNWILLING TO CHANGE
HARPER'S APPROACH WITH UNSEEMLY HASTE BUT NEVERTHE-
LESS MUCH MORE RECEPTIVE TO HIS SUGGESTIONS FOR A
MEASURED, REALISTIC, AND FORTHCOMING APPROACH.

4. PRESENT SCENARIO IS FOR KALTWASSER AND WINKLER
TO VISIT WASHINGTON CONTACTING JOHN BURKE INITIALLY,
TO BRING DEPARTMENT UP TO DATE ON CURRENT VIEWS
AND PLANS. CROUCH HAS ALREADY APPROACHED BAUXITE
COMMISSION INFORMALLY THROUGH DOUGLAS FLETCHER AND
PAT ROUSSEAU WITH VIEW TO HOLDING PRELIMINARY DIS-
CUSSIONS BEFORE FULL-SCALE FORMAL NEGOTIATING SESSIONS,
THESE PRELIMINARY DISCUSSIONS TO BE ATTENDED ONLY BY
CROUCH AND LOCAL ATTORNEY DEREK STONE. KROME GEORGE
WILL PAY GET-ACQUAINTED CALL ON PRIME MINISTER SOME
TIME IN AUGUST WITH FORMAL SESSIONS TO START THEREAFTER.
I HAVE AGREED TO PUT GEORGE UP AND HOST INTRODUCTORY
FUNCTION.

5. ALCOA WILL SHORTLY PRESENT LETTER TO FINANCE
MINISTER COORE REQUESTING YEAR-END RELIEF ON BAUXITE
LEVY IN VIEW OF INABILITY TO MEET MINIMUM PRODUCTION
LEVELS BY REASON OF ECONOMIC FORCE MAJEURE. THIS
RELIEF HAS ALREADY BEEN OBTAINED BY REYNOLDS, AND KAISER
IS APPLYING FOR IMMEDIATE RELIEF.

6. KROME GEORGE HAD INDICATED HIS IMMEDIATE INTENTION
TO EXPRESS HIS DISSATISFACTION WITH "THE JOB BEING DONE
BY THE AMERICA AMBASSADOR TO SECRETARY KISSINGER". CROUCH
SAID HE DEMURRED, TOLD GEORGE HE FELT I WAS DOING AN
EXCELLENT JOB, AND ASKED GOERGE WHY HE FELT THAT WAY.
GEORGE SAID HE THOUGHT I HAD NOT BEEN "SUFFICIENTLY
SUPPORTIVE OF ALCOA" AND THAT HE HAD BEEN INFORMED
THAT "HE WOULDN'T GO WITH GOLDBERG TO SEE THE GOVERN-
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MENT".

COMMENT: THIS MAKES NO SENSE TO ME SINCE (A) I
UNDERSTOOD AMBASSADOR GOLDBERG WAS REPRESENTING ONLY
REYNOLDS WHEN HE WAS HERE LAST-THE ONLY TIME I
HAVE BEEN HERE WHEN HE WAS; (B) ALTHOUGH I OFFERED
ANY HELP HE WISHED, GOLDBERG SPECIFICALLY DECLINED ANY
ASSISTANCE OTHER THAN ADMINISTRATIVE AND AN UNDER-

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STANDING EAR FOR HIS PROBLEMS; AND (C) WE PARTED ON WHAT I THOUGHT TO BE EXCELLENT TERMS WITH NO INDICATION OF ANY UNHAPPINESS ON HIS PART EXCEPT FOR THE FAILURE OF HIS CLIENT (REYNOLDS) TO TAKE HIS ADVICE. CROUCH SAYS THAT HE BELIEVES HE TALKED GOERGE OUT OF HIS INTENDED ACTION. I SAID THAT I THOUGHT IF ALCOA HAD A GOOD NOMINATION FOR THE POST WHO COULD DO BETTER, THE SECRETARY WOULD NO DOUBT BE HAPPY TO RECEIVE IT.

7. COMMENT: ALCOA PITTSBURGH AND ALCOA JAMAICA CONTINUE TO SING DIFFERENT SONGS, BUT THE BEAT IS IMPROVING. THE IMPORTANT THING TO REMEMBER IS THAT ANY ADDITION TO ALUMINA CAPACITY ON THE ISLAND CAN MOST CHEAPLY BE ACCOMPLISHED BY EXPANDING EXISTING ALUMINA REFINERY OPERATIONS ON ISLAND. ALCOA'S REFINERY, WHICH WAS DESIGNED WITH EXPANSION IN MIND, COULD DOUBLE ITS PRESENT 500,000 TONS CAPACITY TO 1,000,000 TONS QUITE EASILY. THE PROBLEM FOR MANLEY AND ALCOA IS TO RECONCILE THIS TYPE OF APPROACH WITH THE OTHER COMPANIES AND THE POLITICALLY-MOTIVATED ANNOUNCEMENTS OF LARGE NEW ALUMINA PLANTS WITH A MULTI-NATIONAL LIST OF PARTICIPANTS. GERARD

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